

SENATE BILL 1759

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 49,  
Chapter 4, Part 9, relative to loan-scholarships for  
professions requiring licensure.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 4, Part 9, is amended by  
adding the following language as a new, appropriately designated section:

§ 49-4-9\_\_.

(a) As used in this section, unless the context otherwise requires:

(1) "Area of critical shortage" means an area of the state, which may  
include part of the state or the state as a whole, in which there exists a critical  
shortage field;

(2) "Board" means loan-scholarship board for critical shortage fields; and

(3) "Critical shortage field" means a profession for which persons are  
required to obtain a license from the state in order to practice or work in such  
profession and in which there exists a shortage of qualified licensed persons to  
meet the needs of the public for such profession within the state or an area of the  
state.

(b)

(1) There is created the loan-scholarship board for critical shortage fields.

(2) The board shall consist of:

(A) The commissioner of economic and community development  
or the commissioner's designee;

(B) The commissioner of finance and administration or the  
commissioner's designee;

(C) The commissioner of commerce and insurance or the commissioner's designee;

(D) The commissioner of health or the commissioner's designee;

(E) The commissioner of education or the commissioner's designee;

(F) One (1) member to be appointed by the speaker of the senate; and

(G) One (1) member to be appointed by the speaker of the house of representatives.

(3) The commissioner of economic and community development shall serve as chairman of the board. The department of economic and community development shall provide administrative assistance to the board. All other state agencies and department shall provide assistance as is appropriate and necessary for the board to conduct its business.

(4) The board shall consider and determine whether there exist critical shortage fields that are likely to continue for a period of time without intervention by the state. If the board determines that there exists a critical shortage field, it shall determine the critical shortage area for such field. The board shall then notify TSAC that such profession shall be considered a critical shortage field. The board shall also specify the critical shortage area for such field and the period of time in which loan-scholarships shall be initially granted in order to attempt to remedy the lack of licensed professionals in the critical shortage field in the critical shortage area. The board shall also determine the repayment conditions for the loan-scholarship as appropriate to the particular professional for which the loan-scholarship is granted. If a critical shortage field is limited to

an area less than the entire state, the board shall designate the boundaries of such critical shortage area.

(4) In making its determination that there exists a critical shortage field in a critical shortage area, the board may hear testimony and consider evidence from licensed professionals and organizations of licensed professionals in such field and from groups or individuals whom the board finds possess relevant information concerning the need for such licensed professionals.

(c) After the board has determined that a profession is a critical shortage field and notified TSAC of such, TSAC shall be responsible for awarding critical shortage field loan-scholarships and otherwise administering the loan-scholarship program.

(d) To be eligible for a critical shortage field loan-scholarship, a student shall:

(1) Be admitted to and attend an eligible postsecondary institution seeking the highest degree, certificate, diploma or other credential necessary to obtain licensure in the profession of the critical shortage field;

(2) Not be ineligible for the scholarship under § 49-4-904;

(3) Meet the requirements of § 49-4-905(a). The provisions of § 49-4-905(b) shall not apply to students in the critical shortage field loan-scholarship program;

(4) Maintain satisfactory progress in the student's program of study;

(5) Agree to work in as a licensed professional in the critical shortage field in a critical shortage area in Tennessee for the number of years determined to be appropriate by the board for each year of funding provided by a critical shortage field loan-scholarship and sign a promissory note that stipulates the cash repayment obligation incurred if the professional service obligation is not fulfilled. If a student fails to fulfill the student's professional service obligation

pursuant to the award of a loan-scholarship, then all funds obtained from the award of the scholarship shall be repaid; provided, however, that no repayment shall be due, if TSAC finds that it is impossible for the recipient to fulfill the obligation because of the death or permanent disability of the recipient; and

(6) Apply for a critical shortage field loan-scholarship.

(e) Loan-scholarships shall be available for initial receipt for study in a critical short field during the period of time determined by the board and shall continue to be available upon reapplication for the loan-scholarship until such time as students initially receiving loan-scholarships during such period have completed their programs of study. Once a student receives a loan-scholarship, the student is eligible to continue to receive the loan-scholarship for the number of academic years required for completion of the student's program of study; provided, that the student continues to meet all applicable requirements for eligibility for the loan-scholarship.

(f) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, TSAC shall determine the amount per year of a loan-scholarship for a particular critical shortage field. The total amount of a critical shortage field loan-scholarship shall not exceed full tuition and fees for enrollment in the program of study at the eligible postsecondary institution for the academic year and shall be fixed with respect to each critical shortage field regardless of the eligible postsecondary institution in which the student is enrolled.

(g)

(1) All loan-scholarships shall be evidenced by notes payable to TSAC which shall bear interest at an annual rate of interest to be determined by TSAC from and after the completion of the program of study. The notes shall be

executed pursuant to the rules and regulations of TSAC. If the recipient does not serve the required number of years as a licensed professional in a critical shortage area, the recipient shall be required to repay the full value of loan-scholarship funds received at an annual rate of interest to be determined by TSAC from the date of completion of the program of study. The permanent withdrawal or dismissal of any recipient from the eligible postsecondary institution or the failure of any recipient to do work in the program of study in a manner acceptable to TSAC shall immediately forfeit such recipient's right to retain such loan-scholarship. Any loan made under the provisions of this section shall be cancelled by the death or the permanent and total disability of the recipient.

(2) No payments of interest or principal on a loan-scholarship under this section shall be required while the recipient is enrolled as a full-time loan-scholarship recipient, is completing an internship, residency or other period of apprenticeship required to become licensed in the recipient's profession, or is serving out-of-state with the United States armed forces.

(3) At such time as the recipient is ready to locate for full-time service as a licensed professional in a critical shortage area, the recipient shall inform TSAC of the location in Tennessee where the recipient plans to practice or work.

(h) TSAC is authorized to promulgate rules and regulations to effectuate the purposes of this section. TSAC, in conjunction with the appropriate licensing board, is authorized to promulgate rules and regulations for the management of the program with respect to such licensing board's critical shortage field and the selection of recipients, taking into consideration such factors as the academic record of the applicant. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(i) No retroactive award of a critical shortage field loan-scholarship shall be made under this section.

(j) Loan-scholarships awarded under this section shall not commence prior to fall semester, 2007.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.